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Southern District of New York*

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**UNITED STATES INTERVENES IN FALSE CLAIMS ACT LAWSUIT  
AGAINST CABRINI MEDICAL CENTER ALLEGING ILLEGAL  
MEDICAID PATIENT REFERRAL SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that on December 2, 2005, the Government filed a civil complaint against CABRINI MEDICAL CENTER ("CABRINI"). The complaint alleges that CABRINI entered into an illegal patient referral scheme with APPLIED CONSULTING, INC. ("CONSULTING"), and then falsely billed Medicaid for the care of these illegally-referred patients. CABRINI also allegedly billed Medicaid for alcohol and substance abuse detoxification treatment that it was not certified to provide.

The allegations of fraud were first brought to the attention of the Government by a whistle-blower, who filed a complaint under the qui tam provisions of the False Claims Act. The qui tam provisions of the False Claims Act permit the Government to intervene in cases originally commenced by private parties who have knowledge of fraud committed against the Government.

The Government alleged in its Complaint that beginning in 1997, CABRINI entered into an illegal patient referral scheme with CONSULTING under the guise of an "administrative services agreement." Under this agreement, CABRINI paid \$72,000 per month to CONSULTING to provide 22 separate administrative services, including patient referrals, to CABRINI'S alcohol and substance abuse treatment and detoxification unit in Manhattan. The Complaint alleged that, other than patient referrals, the administrative services under the contract were not needed by CABRINI, were not provided by CONSULTING, or were worthless. Thus, the administrative services agreement amounted to nothing more than a patient referral contract. Referral of patients for a fee violates the New York State Medicaid regulations and the state and federal anti-kickback statutes. While denying any wrongdoing,

CONSULTING previously agreed to pay the Government \$2.75 million to settle the Government's claims against it.

The Complaint further alleged that CABRINI thereafter billed the Medicaid program for the treatment it provided to the illegally-referred patients. The claims that CABRINI presented to Medicaid were false or fraudulent in that CABRINI certified to the Government that it had provided the services in compliance with all laws and regulations. From 1997 to 2000, CABRINI treated hundreds of illegally-referred patients, and thereby submitted or caused to be submitted hundreds of false claims to Medicaid.

The Complaint also alleged that until June 1997, CABRINI was not certified by the New York State Office of Alcohol and Substance Abuse Services ("OASAS") to provide inpatient alcohol detoxification services. New York State Medicaid regulations prohibit entities from billing Medicaid for medical services that the entities are not licensed to provide. Thus, the Medicaid claims CABRINI submitted for the services it provided to patients in its detoxification unit through June 1997 constituted false claims to Medicaid because CABRINI was not legally permitted to submit those claims at all.

Mr. GARCIA stated: "This lawsuit helps to protect federal health care dollars and ensure that federal funds are expended only to licensed medical providers who fully comply with the law."

Assistant United States Attorney RAMON E. REYES, JR. is in charge of the case.

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